

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **201711012**
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Employer Identification Number:**Contact person - ID number:****Contact telephone number:****Date: December 22, 2016**

UIL: 4945.04-04

x= Number
y dollars= Amount

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code Sections 4945(g)(1) and 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We have determined your procedures for awarding scholarships meet the requirements of Code Section 4945(g)(1). We also have determined your procedures for awarding educational grants meet the requirements of Code Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Also, awards meeting the requirements of Code Section 4945(g)(1) which are made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code Section 117(b)).

Description of your request

Your letter indicates you will operate a grant making program. The purpose of a grant award is to cover tuition or expenses incurred in pursuing a degree or career in the performing arts. You are aware that many students entering the performing arts are financially limited in their ability to travel to auditions, enroll in master classes, or hire vocal, acting or performance coaches. Your grants will significantly help students bridge the gap between their formal schooling, and their career objectives.

To be eligible, applicants must be juniors or seniors in high school or attending an accredited university or college, who actively participate in the performing arts (e.g., vocal

and instrumental performance, musical composition, dance, opera, theatre, etc.), and who wish to pursue a career in the performing arts field. They must also have a 3.0 grade point average on a 4.0 scale or an equivalent standing if a different scale is used.

Grants will be publicized through collaboration efforts with area high school and college/university advisors, teachers, and professors, through your website and through your social media outlets. You anticipate awarding in the range of x grants per year. Currently, the individual award amount is anticipated to be in the range y dollars. The specific amount will in most cases will be dependent on upon which particular area of the performing arts the applicant is pursuing because some of the performing arts are more costly than others. You plan on awarding larger grants to those attending college.

Recipients will be made by a selection committee consisting of individuals with knowledge of the performing arts. The selection committee will review each applicant's videos or sound recordings, participation in school and/or arts related organizations, activities, clubs, education related coursework taken and grades achieved, statement noting the reasons the applicant is pursuing a career in the arts, and letters of recommendation from the applicant's educational institutions and others familiar with the applicant's skills as a performer. The selection committee will evaluate all information on an objective and nondiscriminatory basis and will choose the recipients who demonstrate artistic talent and future artistic promise. Strict conflict of interest rules will preclude a member of the selection committee from participating in any decision affecting any applicant where the applicant or member of the selection committee from participating in any decision affecting any applicant where the applicant or the member of the applicant's immediate family has any personal or business relationship with the member of the selection committee.

Your grants will normally take the form of a scholarship and be paid directly to the educational institutional institution in which the recipient is enrolled. Grants to support travel expenses or fees for pre-professional training not offered by an accredited educational institution will be paid directly to the recipient. The grant recipient will be required to provide written reports showing how the funds were spent and/or grade transcripts from the semester in which the grant was provided. If the terms of the award are violated, reimbursement will be required.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify whether a grantee

is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements